

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EUR-12 ACDA-07 TRSE-00 EB-07 COME-00

CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 OMB-01 /088 W

-----142138Z 044094 /62

R 141427Z JAN 77

FM AMEMBASSY MANAGUA

TO AMEMBASSY MADRID

INFO SECSTATE WASHDC 2051

C O N F I D E N T I A L MANAGUA 0214

E.O. 11652: GDS

TAGS: EAID, EFIN, ETRD, MASS, PINR, NU, SP

SUBJECT: NICARAGUAN DEALINGS WITH SPAIN

REF: 76 MANAGUA 4946

BEGIN SUMMARY: RECENT DEVELOPMENTS INDICATE THAT SPANISH-NICARAGUAN TIES ARE STRENGTHENING. SPAIN HAS AGREED TO LOAN NICARAGUA \$40-44 MILLION FOR ROAD-BUILDING EQUIPMENT, SOME OF WHICH FUNDS MAY BE DIVERTED TO OTHER USES. MEMBERS OF PRESIDENT SOMOZA'S ENTOURAGE, INCLUDING HIS SON "TACHITO", HAVE REPORTEDLY BEEN ENGAGED IN SOME RATHER INTRICATE NEGOTIATIONS WHICH MAY INCLUDE ARMS AND MILITARY AIRCRAFT ACQUISITIONS. WE HOPE EMBASSY MADRID CAN HELP US TO UNRAVEL SOME OF THE FABRIC OF MYSTERY AND INNUENDO WHICH SURROUNDS THAT BILATERAL RELATIONSHIP. END SUMMARY.

1. OVER PAST FEW MONTHS, EMBASSY HAS NOTICED NUMBER OF INDICATIONS OF GROWING NICARAGUAN-SPANISH TIES.

THESE INCLUDE:

--VISIT OF SPANISH COMMERCE MINISTER JOSE LLADO TO MANAGUA LAST OCTOBER TO IMPROVE BILATERAL TRADE TIES.

--SIGNING OF AGREEMENT FOR A 2.7 BILLION PESETA (\$44 MILLION) LOAN FROM BANCO EXTERIOR DE ESPANA TO NICARAGUA DURING LLADO'S VISIT, CITED REFTEL. (UNDERSTAND THAT ACTUAL AMOUNT TO BE LOANED IS EQUI-  
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VALENT OF \$40 MILLION WITH REMAINING \$4 MILLION TO BE REGARDED AS A DOWN PAYMENT WHICH GON WILL NOT IN FACT HAVE TO MAKE.

-- VISIT OF PRESIDENT OF BANCO DE SANTANDER, EMILIO BOTIN, TO NICARAGUA IN DECEMBER TO DISCUSS POSSIBILITY OF OPENING BRANCH OF SPANISH BANK HERE.

--REPORTED INTEREST OF NICARAGUAN AIR FORCE (FAN) IN OBTAINING FIVE OR SIX MEDIUM-SIZED TRANSPORT AIRCRAFT FROM SPAIN.

--REPORTED DEPARTURE LAST WEEK OF OFFICIALS FROM BANCO DE CENTRO-AMERICA, PRESIDENT SOMOZA-CONTROLLED INSTITUTION, FOR UNSPECIFIED NEGOTIATIONS IN SPAIN.

2. THE SPANISH LOAN, EMBASSY UNDERSTANDS, IS ONE WHICH HAD INITIALLY BEEN NEGOTIATED OVER A YEAR AGO BY PRESIDENT SOMOZA'S EMISSARIES BUT WHICH GON HAD NOT DECIDED TO PURSUE UNTIL LAST AUTUMN. EMBASSY SOURCES INDICATE THAT THE GROUND WORK FOR THE LOAN HAD BEEN LAID BY REMY RENER, VICE MINISTER OF PUBLIC WORKS, AND EDDIE RODRIGUEZ FELIU, A CUBAN FACTOTUM FOR SOMOZA WHOM THE LATTER REPORTEDLY HAS HAD INSTALLED RECENTLY AS A SENIOR OFFICIAL ON BOARD OF VISION MAGAZINE. SOMOZA-CONTROLLED NOVEDADES GAVE CREDIT FOR NEGOTIATING LOAN, HOWEVER, TO PRESIDENT'S SONE, CAPTAIN ANASTASIO "TACHITO" SOMOZA PORTOCARRERO. TACHITO'S DIRECT INVOLVEMENT IN LOAN NEGOTIATIONS APPARENTLY CAME ONLY WHEN HE VISITED SPAIN WITH COL. ADONIS PORRAS, THE PRESIDENT'S CHIEF MILITARY AIDE, AND BENJAMIN ELIZONDO (SEE BELOW), SHORTLY BEFORE LLADO WENT TO NICARAGUA.

3. ANOTHER ALLEGEDLY INVOLVED IN TACHITO'S TALKS IN SPAIN WAS DR. JOAQUIN SACASA GOMEZ, A PRESIDENTIAL ADVISOR. SACASA, A LAWYER WHO GRADUATED FROM THE UNIVERSITY OF SALAMANCA AND WHO FORMERLY HEADED BRANCHES OF FIRST NATIONAL BANK OF BOSTON IN MANAGUA AND LATER IN MEXICO CITY, IS BELIEVED TO BE IN SPAIN AT PRESENT. SACASA IS ALSO PART OF A TRIUMVIRATE UPON WHOM THE PRESIDENT HAS COME TO RELY INCREASINGLY FOR MANAGING HIS BUSINESS AND PERSONAL AFFAIRS. (OTHER MEMBERS OF THE TRIO ARE LEON DABAYLE LAGOS, A COUSIN OF THE PRESIDENT, AND BENJAMIN "MICHU" ELIZONDO, MANAGER OF SEVERAL SOMOZA-OWNED ENTERPRISES, INCLUDING THE DISTRIBUTORSHIP FOR SPANISH ROAD-BUILDING EQUIPMENT AND TRUCKS.

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4. BANCO DE CENTROAMERICA PERSONAGES WHO LEFT FOR SPAIN LAST WEEK WERE THE GENERAL MANAGER, EUGENE STANLEY DUDKIEWICZ (AN AMCIT FROM PENNSYLVANIA WHO HAS ACTED AS PRESIDENT SOMOZA'S PRIVATE COMPTROLLER AS WELL AS HEAD OF LANICA, THE SOMOZA-OWNED NICARAGUAN AIR CARRIER), AND THE BANKS VICE PRESIDENT, ROBERTO ARGUELLO TEFEL. (SOURCES INDICATE THAT THE ABOVE TRIUMVIRATE ARE SEEKING TO FORCE DUDKIEWICZ OUT OF HIS POSITION OF INFLUENCE WITH PRESIDENT SOMOZA BUT THAT TACHITO IS BACKING DUDKIEWICZ.) PURPOSE OF DUDKIEWICZ-ARGUELLO VISIT TO SPAIN UNCLEAR BUT RUMOR HAS IT THAT THEY ARE SEEKING TO DIVERT PORTIONS OF THE SPANISH LOAN (WHICH WAS ALLEGEDLY GIVEN TO FINANCE PURCHASE OF ROAD-BUILDING EQUIPMENT) TO OTHER PURPOSES.

5. EMBASSY UNDERSTANDS THAT SPANISH TRIED TO INTEREST TACHITO IN SMALL ARMS DURING HIS OCTOBER VISIT TO SPAIN AND HAS HEARD RUMORS THAT TACHITO RETURNED TO SPAIN IN LATE DECEMBER 1976 TO DISCUSS BOTH ARMS AND AIRCRAFT.

6. EMBASSY REALIZES THAT SUSPICIONS AND RUMORS OF SHENANIGANS

INEVITABLY SURROUND OVERSEAS ACTIVITIES OF PRESIDENT SOMOZA'S  
ENTOURAGE. NONETHELESS, THIS POST WOULD WELCOME WHATEVER INFO EM-  
BASSY MADRID MIGHT BE ABLE TO DEVELOP DISCREETLY ON ACTIVITIES OF  
DUDKIEWICZ AND COMPANY, AND ON BACKGROUND OF SPANISH LOAN TO NICA-  
RAGUA. LOCAL RUMOR MILL ALLEGES THAT THAT LOAN CAUSED FUROR IN SPANISH

PRESS BECAUSE OF ITS SIZE AND TERMS. WE HAVE CITED NAMES AND ALLEGED  
ROLES OF MANY OF THE ACTORS IN THIS PURZZLE BOTH FOR THE RECORD  
AND IN HOPE THAT MADRID MAY BE BETTER ABLE TO SHED SOME LIGHT ON THE  
ACTUAL ROLES PLAYED.  
RUBENSTEIN

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